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MEMORANDUM FOR: Deputy Director (Support)

SUBJECT: Applicability of Public Law 594, 84th Congress, to the Central Intelligence Agency

REFERENCES: (1) Civil Service Commission Departmental Circular No. 860, Supplement No. 1, subject: Enactment of H.R. 3895 (P.L. 594) — Providing for a saved rate of compensation for certain employees under the Classification Act, dated 13 July 1956.

(2) Memorandum from Assistant General Counsel to the Director of Personnel, subject: Application to CIA Public Law 594, 84th Congress, dated 17 August 1956.

1. This memorandum contains a recommendation to the Deputy Director (Support). Such recommendation is contained in paragraph 6.

2. Public Law 594, 84th Congress, amends the Classification Act to provide for a saved rate of compensation for certain employees under the Classification Act. In brief, it requires the mandatory retention of an employee's existing rate of basic compensation following demotion from a higher Classification Act grade (other than GS-16, 17, or 18) to a lower Classification Act grade due to the reclassification of his position. For this purpose, the term "reclassification" is interpreted in its technical sense as a regrading of the position without a significant change in duties or responsibilities.

3. Provision is made for retroactive adjustment for actions affecting employees in both competitive and excepted positions and occurring on or after 1 July 1954, but not for paying the employee at the adjusted rate prior to the first pay period following 18 June 1956 (1 July 1956 for this Agency). This Office is now ascertaining whether any employees demoted for the reasons listed in paragraph 2, above, since 1 July 1954, are eligible for restoration of salary rate. However, prospective actions covered by the law include only those affecting employees serving under career-conditional or career appointments in the competitive service.

4. While it is expected that very few of the Agency's employees would be affected by the provisions of the law, it was considered advisable to explore its possible application to CIA, with respect to prospective actions.

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... application of Public Law 594, 84th Congress, to the Central
Intelligence Agency.

In the referenced memorandum from the Office of General Counsel, the opinion
was expressed that while the Agency is not directly subject to the statute
due to its exemption from the Classification Act, there is no reason which
would preclude the adoption of the prospective feature of P.L. 594, since the
Director of Central Intelligence is authorized ... the compensation of employees,
and since it is his expressed policy that the Agency shall adhere to the pro-
visions of the Classification Act as closely as possible.

3. The Office of the General Counsel stated further that "the statutory
language could be adopted as Agency policy by ... it in a regulation,
which regulation could be authenticated by the Deputy Director (Support)".
In the absence of an existing regulation into which this provision might
properly be included, it was considered that approval by the Deputy Director
(Support), of the administrative adoption of the provisions of P.L. 594 would
be sufficient authority for this Office to utilize the provisions should a
case arise coming within its scope.

4. It is recommended that the proposed adoption of the provisions of
P.L. 594 for application to the Agency be approved.

/S/

Harrison G. Reynolds
Director of Personnel

Attachments:
1. Departmental Circular No. 860 (SU)
2. Memo from OGC, dated 17 Aug 1956

Approved:

(signed) H. Gates Lloyd   SEP 1 1 1956

Acting Deputy Director (Support)   Date

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